

FISCAL NOTE
SB 2411 - HB 2842

March 20, 1998

SUMMARY OF BILL:

- Requires the Department of Health and the Commission on Aging to develop a comprehensive plan for long-term care services by January 1, 1999.
- Requires that any funding increase for nursing facility care in fiscal year 1998-1999 may not exceed the budgeted increase for home and community based services.
- Requires that the fiscal year 1999-2000 budget and subsequent budgets for nursing facility services shall not be more than the fiscal year 1998-1999 budget.
- Requires that the percentage increase in the home and community based services budget for fiscal year 1999-2000 and subsequent years shall proportionately equal the increase in total medical assistance funding.
- States that any reductions in nursing facility reimbursement rates are not to restrict the supply of nursing home beds but should come from indirect costs rather than patient care.
- Allows for cost sharing based upon patient income, to prioritize funding for those most in need and to utilize a case manager system.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$6,048,360 FY1998-99/Home and
Community Based Services**
**Decrease State Expenditures - \$6,048,360 FY1998-99/Nursing
Facility Services**
**Increase State Expenditures - Exceeds \$500,000 FY1999-00/Home and
Community Based Services**
**State Expenditures - Avoidance of Cost - Exceeds \$10,000,000 -
FY1999-00/Nursing Facility Services**

Other Fiscal Impact:

**Increase Federal Expenditures - \$10,752,640 - FY1998-99/Home and
Community Based Services**
**Decrease Federal Expenditures - \$10,752,640 - FY1998-99/Nursing
Facility Services**
**Increase Federal Expenditures - Exceeds \$1,000,000 FY1999-00/Home
and Community Based Services**
**Federal Expenditures - Avoidance of Cost - Exceeds \$20,000,000
FY1999-00/Nursing Facility Services**

Estimate assumes:

1. an increase for nursing facility services for FY1998-99 in the amount of \$32,602,000, as included in the proposed budget, of which \$12,096,720 are state funds and \$21,505,280 are federal funds
2. the budgeted growth for nursing facility services and home and community based services must be equal with a 50-50 distribution of the proposed growth amount in the 1998-99 budget.
3. an increase in state and federal expenditures for home and community based services, since the bill requires a percentage increase which must equal the proportionate increase provided for medical assistance funding in any year beginning in FY1999-00. Estimate assumes a 5% increase.
4. an avoidance of cost for state and federal governments in FY1999-00 as the result of capping the budget for nursing facility services at the FY1998-99 level. Estimate is based on an approximate growth rate of 5% in the budget for nursing facility services that would have occurred in the absence of the bill.

For informational purposes, the Department of Health has stated that the language of the bill could be interpreted to require the establishment of an entitlement program for home and community based services. This interpretation would result in coverage for approximately 279,000 Medicaid eligible persons aged 65 and over who would qualify for the service with a corresponding increase in cost.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director